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GOVERNOR THOMPSON'S 1996 LOW INCOME ENERGY ASSISTANCE OIL OVERCHARGE PLAN

Wisconsin Low Income Energy Initiative
Stripper XVII

Prepared by the Department of Administration
Division of Energy and Intergovernmental Relations
Wisconsin Energy Bureau

August, 1996

GOVERNOR THOMPSON'S 1996 LOW INCOME ENERGY ASSISTANCE OIL OVERCHARGE PLAN

Wisconsin Low Income Energy Assistance Initiative Plan At-A-Glance

Cuts in Federal funding for the Low Income Home Energy and Weatherization Assistance Programs have created uncertainty about the future for Wisconsin's low income energy assistance recipients. In response to these concerns, on April 16, 1996 the Joint Committee on Finance (JCF) concurred with my direction to the Department of Administration (DOA) *"to coordinate a thorough exploration of alternatives aimed at achieving a more sustainable low income funding strategy that will continue to meet the needs of Wisconsin as federal funding declines."* This directive authorized DOA to coordinate efforts of interested organizations and concerned stakeholders and develop a Plan designed to address this potential problem. This Plan proposes to commit the \$100,000 placed in unallotted reserve for low income energy assistance by JCF on April 16, 1996, and \$1.165 million of unallocated oil overcharge funds to implement this effort. The five projects contained in this Plan meet one or more of the following objectives:

- Comprehensive energy efficiency services that reduce the energy burden; thus, increasing the affordability and quality of low income housing.
- Increase the efficiency of administering and delivering low income energy services.
- Increase the resources available to assist low income residents in meeting energy needs.
- Potential for Statewide technology transfer.

Each demonstration project emphasizes personal responsibility regarding energy consumption and contains a sustainable, long-term strategy for Statewide expansion. Each initiative is part of a partnership consisting of the private sector, local government, state agencies, non-profit groups, utilities and other involved parties -- all interested in the same objectives -- energy efficiency and energy conservation. This Plan also includes a comprehensive and independent program evaluation designed to provide guidance for modifications during project implementation and to determine the feasibility of Statewide expansion. A Management Committee will be formed and led by the Department of Administration to exercise oversight and track project performance. The Management Committee will have the authority to reallocate funding to successful pilot projects within approved budgets.

This Plan also allocates funds to pilot an intensive "green" building conservation program on the UW-Madison campus and a wind resource assessment program. Additionally, two funding exchanges and the deobligation of unspent funds from four previous oil overcharge programs, are proposed. The recommended low income energy assistance pilot projects are:

LOW-INCOME ENERGY ASSISTANCE PILOT PROJECTS

• Conservation Based Energy Assistance Project	\$200,000
• Homeowner Shared Savings Weatherization	\$200,000
• One-Stop-Shop for Energy & Housing Services	\$275,000
• Milwaukee Energy Network	\$200,000
• Campaign to Keep Wisconsin Warm	\$200,000
• Evaluation of Low Income Pilots	\$100,000
• Energy Program Oversight/Management	Interest

ADDITIONAL ENERGY EFFICIENCY INITIATIVES

• UW Building Conservation Program	\$40,000
• Wind Resources Assessment Program	\$50,000
Total	\$1,265,000

TECHNICAL MODIFICATIONS:

- Stripper XIV: Wind Demonstration Project
- Stripper VIII: Tribal Weatherization
- Stripper XVI: Low Income Pilot Project Development
- State Restitution: State Capital Relamping Project
- Exxon - Stripper XVII Fund Exchange

SUMMARY OF LOW INCOME PILOT PROJECTS

1. Conservation Based Energy Assistance Pilot Project

\$200,000

CAP Services Inc. of Steven's Point: This pilot is designed to provide a higher level of energy efficiency services to low income households in Waushara County. Many low income residents live in inefficient dwellings and receive LIHEAP assistance but have little incentive to participate in weatherization programs. This project will provide an additional incentive to households to receive weatherization services based on housing type and energy efficiency status. Also, weatherization services will be expanded to include housing rehabilitation or relocation assistance if the dwelling cannot be made energy efficient.

CAP Services Inc. will lead the pilot working in partnership with Wisconsin Power & Light Company, Wisconsin Gas Company and the Waushara County Department of Social Services. In a national evaluation conducted by the U.S. Department of Energy's Oak Ridge National Laboratory, CAP Services' weatherization program was found to achieve the third highest savings in the nation. Loans will be made to homeowners and landlords and a portion of the costs of installing energy efficiency measures will be recovered; thus, ensuring long-term funding for the program. Because Federal weatherization guidelines do not allow costs to be recovered through loans, Oil Overcharge funds will be used to provide weatherization services. Approximately 80 households will be served over a two-year period to test this concept. Local staff will be funded to design the program, identify eligible households, conduct audits and establish and manage loan arrangements.

2. Homeowner Shared Savings Weatherization Pilot

\$200,000

TecMRKT Works of Oregon, WI: This project will provide comprehensive "whole house" energy efficiency services to low income homeowners in an eleven-county area of Southwest and West Central Wisconsin (Polk, Barron, St. Croix, Dunn, Chippewa, Pierce, Pepin, Richland, Iowa, Grant, and Lafayette Counties). It will maximize energy savings by allowing weatherization providers to install additional cost-effective energy efficiency measures not typically covered under the existing State weatherization program and by providing energy efficiency education and training to occupants. A portion of the cost of installing the energy efficiency measures will be recovered through a shared savings arrangement on participants' utility bills.

Local community action agencies (CAA) will identify participants and conduct on-site energy audits to calculate savings and determine needed actions. From this information, the CAA will establish a payment structure and enter into a signed agreement with participants. The agreement will specify the energy efficiency measures and on-site energy efficiency training to be provided. The agreement will also encourage personal responsibility by requiring occupants to formally commit to live an energy efficient lifestyle consistent with the training. Once the measures are installed and the training is complete, monthly payments for participants' utility bills will be made to the CAA. The CAA will then pay participants' utility bills and retain a portion of the savings to recover part of the cost of installing the measures. The homeowner will realize the rest of the savings through lower energy bills.

TecMRKT Works, a private consultant, is the lead organization for this project. TecMRKT Works will work in partnership with West Central CAA and Southwest CAA to design the program, monitor on-going operations and provide support and consultation. The program management, operation and delivery will be provided by the local CAA. Federal weatherization guidelines do not allow costs to be recovered through a shared savings arrangement. Therefore, Oil Overcharge funds will be used to pay for energy efficiency improvements in the 30 households in this pilot project.

3. One-Stop-Shop for Energy Housing Services Pilot

\$275,000

Wisconsin Coulee Region Community Action Program of La Crosse: To qualify for various low income energy and housing programs, applicants must complete multiple and often lengthy applications at different locations and with numerous intake workers. This results in a duplication of administrative services and is

time consuming, costly and confusing for applicants and government alike. Also, individual programs and organizations often provide separate, isolated services with no coordinated plan to address low income energy assistance and/or housing needs.

This project will pilot a one-stop-shop for energy and housing services in two areas -- La Crosse and Milwaukee Counties -- using a computerized intake, application and referral process. During a single visit, an intake worker will enter applicants' information into a standardized computer application, screen for eligibility of various programs and electronically transfer completed applications to the appropriate agencies for processing and service delivery. The two-part pilot will use existing and compatible software packages and coordinate existing systems and services customized to meet the specific needs of each community. Both systems also will be designed to transfer completed LIHEAP and Weatherization data directly into the State's mainframe computer. Coulee CAP, in partnership with stakeholders from Milwaukee County, will be responsible for coordinating the administration of both elements of the pilot project to assure that the computer systems are compatible and suitable for Statewide expansion. Oil Overcharge funds will be used primarily for developing the computerized system, purchasing equipment and training staff.

In La Crosse County, the Wisconsin Coulee Region Community Action Program (CAP) will lead the pilot and coordinate the energy and housing services provided by 13 local organizations. Based on the success of the pilot, this partnership plans to expand to more than 40 community service agencies in La Crosse County to coordinate a broader range of low income programs. However, in Milwaukee County, the Department of Human Services will lead the partnership in cooperation with utilities and local low income organizations.

4. **Milwaukee Energy Network Pilot**

\$200,000

Community Advocates of Milwaukee: This project is designed to provide comprehensive energy efficiency services on an intensive basis for up-to 500 low-income households in Milwaukee County. Participants will receive counseling and assistance to establish affordable utility payment plans and maintain a regular co-payment schedule. They also will be required to attend a series of energy education workshops. Wisconsin Gas, Wisconsin Electric Power, Inter Faith Older Adult Programs, OIC-GM, Milwaukee County Human Services Department and the Milwaukee County Department on Aging have expressed support.

This pilot will also provide grants to supplement weatherization funding for low-income households to meet high energy efficiency standards in planned rehabilitation projects. The funds will partially cover the differential costs of the energy efficiency upgrades. The upgrades will expand traditional weatherization activities to include additional cost-effective measures. Project partners will coordinate existing resources and grant proposals to leverage available funding sources (e.g., CDBG, HUD, FHA, and utility low-income funds). Partners will also modify existing programs and procedures to incorporate energy efficiency measures into building rehabilitation programs.

5. **Campaign to Keep Wisconsin Warm Pilot**

\$200,000

Energy Services, Inc. (ESI) of Madison: These funds will be used to assist low income households experiencing heating crises and/or requiring weatherization improvements. Benefits will be targeted to high risk households with elderly, disabled and children that are eligible for the LIHEAP and Weatherization programs. This project will also use a community-based approach to raise contributions from businesses, utility customers, community organizations and individuals in Dane County to expand its ability to meet low income energy assistance needs.

In addition to providing for heating crises assistance and weatherization improvements, Oil Overcharge funds will match each dollar of new private cash contributions collected by Energy Services Inc. (ESI). In an era of declining Federal dollars, many states and local communities throughout the country are implementing innovative strategies to attract alternative sources of funding without raising taxes. ESI has already initiated the basic components of this project, with plans for Statewide expansion.

6. **Evaluation of the Low Income Energy Assistance Pilots**

\$100,000

Energy Center of Wisconsin: A thorough and credible evaluation of the pilot projects is necessary to determine the feasibility of Statewide replicability and expansion. It is imperative that this evaluation be conducted by a well-qualified organization, independent from the agencies operating the pilot projects, to ensure reliable and objective results. Given its previous experience and qualifications, this Plan proposes to contract with the Energy Center of Wisconsin to conduct or subcontract the evaluation.

The evaluators will meet regularly with the DOA-led Management Team to provide input about the ongoing progress of the projects. The evaluation will be a dynamic process that allows corrections to be made to program design and delivery as areas of improvement are identified rather than waiting until the pilot is completed. The evaluation will document the benefits directly received by low income households; the savings from improving the efficiency of administering and delivering the programs; and, the effectiveness of strategies to provide new long-term funding and other important elements. In addition, the evaluation will provide direction for Statewide expansion and information for other states confronting similar problems.

7. **Energy Program Management**

Accrued Interest

Broad policy and oversight will be the responsibility of the DOA-led Management Team which will have the authority to reallocate funds within the approved budgets allocated for these pilots and to modify the methodologies/strategies, as the need arises. None of the accrued interest will be used for this purpose. However, for traditional technical assistance for the pilot projects' program development, monitoring and related administrative support to agencies and groups working with low income energy assistance issues, accrued interest will be used to support the increased involvement of the DOA Energy Bureau's staff time required to service and/or coordinate the initiatives defined in this Plan. Funding will come from future and accrued but unallocated Stripper XV interest (\$27,483.51, as of June 30, 1996) and future and accrued but unallocated Stripper XVII interest (\$11,577.17, as of June 30, 1996).

ADDITIONAL ENERGY EFFICIENCY INITIATIVES

1. **UW Building Conservation Program**

\$40,000

Department of Administration (Division of Facilities Development): The Department of Administration, Division of Facilities Development, will lead a pilot, in partnership with the University of Wisconsin, to develop intensive "green" building conservation practices on the UW-Madison campus. Initially focusing on one-or-two buildings, the project will adapt the conservation practices to the Madison campus and UW system. The project will consist of six steps: data collection of current use, development of communication links among stakeholders, construction of a building management plan, demonstration of innovative products and practices, promotion of appropriate occupant behavior and performing an overall project evaluation. Energy conservation activities will be incorporated into all project components including energy education for faculty, students and building maintenance personnel. Innovative energy saving practices and equipment will be implemented. Building weatherization and modification to heating, ventilation, and air conditioning (HVAC) equipment will be completed as needed. Oil Overcharge funds will be used for program design and product delivery.

2. **Wind Resources Assessment Program**

\$50,000

Department of Administration (Division of Energy and Intergovernmental Relations): These funds will be used to develop a Statewide wind data management and dissemination system. This wind data will be collected by Wisconsin utilities under the new Utility Wind Resource Assessment Program, which is the result of the Public Service Commission's Advance Plan 7, Order Point #5.5. The Energy Bureau will serve as the repository and disseminator of Statewide data to be collected under the program. Funds will be directly applied to data management, review and analyses, and dissemination. Funding is made available through the deobligation described under Technical Modifications, Funding Deobligations, paragraph A.

TECHNICAL MODIFICATIONS

1. FUNDING DEOBLIGATIONS

- A. Deobligation of Stripper XIV - Wind Demonstration Project:** On February 2, 1994, the JCF's approval of the Stripper XIV plan included \$50,000 for a low windspeed turbine demonstration project. The funding was intended to pay a portion of Wisconsin Public Power Incorporated's (WPPI) cost of participating in the Wisconsin Utility Low Windspeed Turbine Project. WPPI has since elected not to participate in the project. These funds will be reallocated to the aforementioned Wind Resources Assessment Program.
- B. Deobligation of Stripper VIII - Tribal Weatherization Funds:** The Wisconsin Conservation Corporation has asked that DOA deobligate \$72,000 originally allocated to Tribal Weatherization. The allocation was made by the Joint Committee on Finance under Stripper VIII on March 19, 1991. The intended beneficiaries of this funding have not been able to meet the requirements to receive it and the WCC does not anticipate any future Tribal Weatherization requests. These funds are reallocated as part of this low income energy assistance Plan.
- C. Deobligation of Stripper XVI - Low Income Initiative Funds:** The \$ 100,000 allocated to this program on April 16, 1996 should be reallocated as part of this low income energy assistance initiative.
- D. Deobligation of State Capitol Relamping Program:** The relamping program which the JCF approved on December 18, 1990 was accomplished without oil overcharge funds. This deobligation will make available an additional \$39, 100 in oil overcharge funding. These funds are to be reallocated to the aforementioned UW Building Conservation Program.

2. EXXON - STRIPPER XVII FUNDING EXCHANGE

This exchange maximizes Federal funds available for low income energy assistance and provides the flexibility to implement the demonstration projects. This Plan exchanges \$1,068,000 of available Stripper XVII funding and \$32,000 of deobligated Tribal Weatherization funds with \$1.1 million in Exxon funds approved by the Governor and JCF on January 11, 1993 for the Low Income Home Energy Assistance Program (LIHEAP). Federal LIHEAP regulations allow a dollar-for-dollar Federal match to State LIHEAP expenditures made with Stripper funds, but not with Exxon funds. Therefore, this exchange will provide an additional \$1.1 million of Federal LIHEAP funding and not impair the implementation of the demonstration projects delineated in this Plan.

The following Tables summarize the financial transactions embodied in this Plan

PROPOSED LIHEAP FUND TRANSFER		
Transfer TO LIHEAP		
	New Stripper XVII Funds	\$968,000
	Deobligated Stripper XVI funds	\$100,000
	Deobligated Stripper VIII Tribal Weatherization Funds	<u>32,000</u>
Total		\$1,100,000
Transfer FROM LIHEAP		
	Exxon funds	\$1,100,000

PROPOSED REVENUE SOURCES	
Reallocated Exxon Funds from LIHEAP	\$1,100,000
Deobligated State Restitutionary Funds	\$39,100
New State Restitutionary Funds	\$35,900
Deobligated Stripper VIII Tribal Weatherization Funds	\$40,000
Deobligated Wind Demonstration Funds	<u>\$50,000</u>
Total	\$1,265,000

PROPOSED EXPENSES	
Conservation Based Energy Assistance Project	\$200,000
Homeowner Shared Savings Weatherization	\$200,000
One-Stop-Shop for Energy & Housing Services	\$200,000
Milwaukee Energy Network	\$275,000
Campaign to Keep Wisconsin Warm	\$200,000
Evaluation of Low Income Pilots	\$100,000
UW Building Conservation Program	\$40,000
Wind Resources Assessment Program	\$50,000
Energy Program Management	<u>*</u>
Total	\$1,265,000

* Receives interest



Wisconsin Power and Light Company, 120 East Maple Avenue, Beaver Dam WI, 53916-2131
Telephone 1-800-862-6222

August 29, 1996

The Honorable Brian B. Burke, Co-Chair
Joint Committee on Finance
100 North Hamilton, Suite 302
Madison WI 53707-7882

The Honorable Ben Brancel, Co-Chair
Joint Committee on Finance
119 Martin Luther King Junior Blvd., Room LL2
Madison, WI 53708-8952

Dear Senator Burke and Representative Brancel:

The 1996 Low Income Energy Assistance Oil Overcharge Plan submitted by Governor Thompson for your approval includes five pilot projects. Wisconsin Power and Light Company is pleased to participate as a partner in one of these initiatives.

Wisconsin Power and Light Company will work in partnership with CAP Services, Inc. of Stevens Point to implement a pilot project in Waushara County. Called the "Conservation-Based Energy Assistance Project," the aim of the initiative is to deliver comprehensive energy services through a conservation-based strategy. The program is designed to assist and reward customers who are willing to take action to reduce their energy consumption. The services provided will reduce energy cost and increase the affordability and quality of housing occupied by LIHEAP eligible households; increase efficiency in the delivery and administration of energy services in Waushara County; and increase the resources available to address the energy needs of low-income residents.

We must find alternative methods to meet the needs of Wisconsin residents as Federal funding declines. The low income energy assistance initiatives contained in Governor Thompson's Oil Overcharge Plan continue Wisconsin's aggressive and innovative approach to providing assistance to the state's most needy residents. I urge you to support this Plan.

Sincerely,

Jacqueline Syens

Customer Information and Services Administrator

cc: Melinda Ferraro - WPL
Ardis Tobison - WPL
Karl Pnazek - CAP Services, Inc.

LA CROSSE COUNTY HUMAN SERVICES DEPARTMENT

300 FOURTH STREET NORTH
P.O. BOX 4002
LA CROSSE, WI 54602-4002

REPLY TO:

ECONOMIC SUPPORT 785-6000

September 13, 1996

Senator Brian Burke, Chair
P.O. Box 7882
Madison, Wisconsin 53707-7882

Dear Senator Brian Burke:

I am writing this letter in support of the Coulee Region Cap proposal for a One Stop Shop for Energy and Housing Services. This grant would be funded by the oil overcharge money.

LaCrosse County has been working in collaboration with Coulee Cap and other agencies and businesses in the area to try and serve our clients/customers in a more customer friendly manner. Currently our clients/customers must physically move from location to location to apply for various services. At each location they must fill out an application that asks basically the same questions that they were asked at the last location. What the Coulee Cap proposal is trying to do is eliminate the repetition of filling out multiple applications. The hope is that the client would only have to verify information once and then the information would be shared with the other program providers. They would also be able to apply for different services at one location, even though the providers are at different locations.

This group has been working well together and we would like to see the reach of this program expand to include even more services. By funding this proposal you would be benefitting the many clients who need these services.

If you have any questions about this group, please feel free to contact me.

Sincerely,

Tom Miller

Tom Miller, Economic Support Supervisor
Economic Support Unit

TM/jp



Wisconsin Coulee Region Community Action Program, Inc.

201 Melby Street, Westby, Wisconsin 54667

FAX # (608) 634-3134

(608) 634-3104

Working with people and communities in Crawford, La Crosse, Monroe and Vernon Counties

September 13, 1996

Senator Brian Burke, Chair
Joint Committee on Finance
PO Box 7882
Madison, WI 53707-7882

Dear Senator Burke:

The Joint Committee on Finance has set aside \$1.265 million of Stripper monies to implement low income energy assistance pilot projects. These programs will explore alternative ways to achieve a more sustainable funding strategy to meet the needs of low income residents following cuts in federal funds for Low Income Home Energy & Weatherization Assistance Programs.

I would like to make you aware of the project that our agency has submitted for funding. Wisconsin Coulee Region Community Action Program, Inc. proposes to develop and pilot a computerized one-stop-shop for low income households applying for housing services. Currently, applicants must complete multiple, and often lengthy, applications at different locations with numerous intake workers. We propose that through the use of a computerized system a family can complete one application process for multitude of housing and energy services. This computerized system will screen applicants for eligibility for several programs and electronically transfer completed applications to the appropriate agencies for processing and service delivery.

Governor Thompson has recommended that Coulee CAP be funded at a level of \$275,000 to pilot this system in La Crosse County and in Milwaukee County. The Legislature's Joint Committee on Finance will vote on the Governor's plan on Thursday September 26th. I am asking you to support the Governor's Plan. By implementing this computerized One-Stop-Shop, we will improve the efficiency and the effectiveness of delivering energy services to the low income households of our area. We would appreciate your support of the proposed pilot.

Sincerely,

Grace Sierer
Executive Director

200 E. Blackhawk
Prairie du Chien, WI 53821
Telephone: 326-2463
FAX#: 326-2464

135 Buchner Place
La Crosse, WI 54603
Telephone: 782-4877
FAX#: 782-4822

110 E. Main
Sparta, WI 54656
Telephone: 269-5021
FAX#: 269-1918

106 N. Main
Viroqua, WI 54665
Telephone: 637-7450
FAX#: 637-7499



WISCONSIN SENATE PRESIDENT
SENATOR BRIAN D. RUDE

September 16, 1996

The Honorable Brian Burke, Co-chair
Joint Committee on Finance
100 North Hamilton Street, Room 302

The Honorable Ben Brancel, Co-chair
Joint Committee on Finance
119 Martin Luther King Jr. Blvd., Room LL2

RE: Support for the One-Stop-Shop for Energy Housing Services Pilot

Dear Senator Burke and Representative Brancel:

On Thursday, September 26, I understand the Joint Committee on Finance will be considering proposals that Governor Thompson has recommended for funding in his 1996 Low Income Energy Assistance Oil Overcharge Plan. I write to you today to express my strong support for the One-Stop-Shop for Energy Housing Services Pilot being put forth by the Wisconsin Coulee Region Community Action Program.

This initiative is one in which we can all be excited as this project has the potential for improving the efficiency and effectiveness of administering and delivering low income energy services. The efficiency will improve two-fold by increasing government's effectiveness by only collecting the necessary information once for both energy and housing programs. Further, it saves the time of the recipients by only asking for this information once. Through Coulee's initiative, the administrative costs will be cut greatly because of the "one-stop-shop" concept. This is a great opportunity to become an excellent model of integrated energy and housing service delivery and I am pleased to share with you my thoughts about this proposal.

Thank you for the opportunity to share my views on the "Coulee" project. I am hopeful you will realize the benefits of this pilot and support this initiative when it is considered.

Best regards,

BRIAN D. RUDE
State Senator

BDR:LSD/les

cc: Members, Joint Committee on Finance

September 24, 1996

To: Members of Joint Committee on Finance
From: Larry White
Community Services Representative
Northern States Power Co.
La Crosse, WI 54602-0727

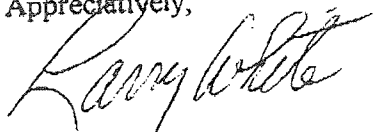
I Write in support of Coulee CAP's proposal to demonstrate a One-Stop-Shop for Energy and Housing Services which Gov. Thompson has recommended for funding in his 1996 Low-Income Energy Assistance Oil Overcharge Plan.

Such an initiative could:

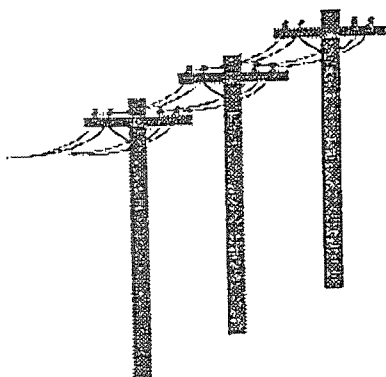
- Remove bureaucratic barriers to Community Resources
- Link utility, energy assistance, weatherization and housing agencies in a collaborative effort to target assistance, education, and support to families in need.
- Integrate existing information and referral resources with the actual delivery of energy and housing services.

I hope you will be supportive of this project when it comes before your Committee

Appreciatively,



Larry White



NSP
3215 COMMERCE STREET
PO BOX 727
LA CROSSE WI 54602-0727



FAX TRANSMITTAL COVER SHEET

TO: Senator Brian Burke

DEPT/CO.: (608) 267-0274

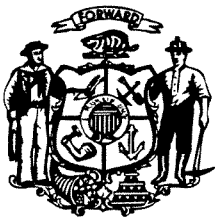
FROM: Larry White

PHONE: (608) 789-3613

FAX #: (608) 789-3608

NUMBER OF PAGES (including cover): 2

Please call if you did not receive all the pages indicated or if there appears to be a problem with the transmission.



TOMMY G. THOMPSON

Governor
State of Wisconsin

August 26, 1996

The Honorable Brian B. Burke, Co-Chair
Joint Committee on Finance
100 North Hamilton, Suite 302
Madison, WI 53707-7882

The Honorable Ben Brancel, Co-Chair
Joint Committee on Finance
119 Martin Luther King Junior Boulevard
Room LL2
Madison, WI 53708-8952

Dear Senator Burke and Representative Brancel:

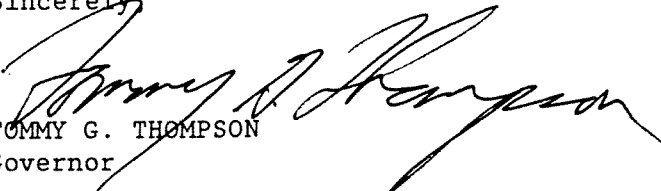
I am pleased to transmit the attached Stripper XVII Low Income Energy Assistance Oil Overcharge Plan for consideration by the Joint Committee on Finance (JCF). As required by Wisconsin Statute 14.065, I am also forwarding a copy to the Chief Clerk of the Senate and Assembly.

In response to cuts in Federal funding for Wisconsin's Low Income Home Energy and Weatherization Assistance Programs, on April 16, 1996, the Joint Committee on Finance (JCF) concurred with my direction to the Department of Administration *"to coordinate a thorough exploration of alternatives aimed at achieving a more sustainable low income funding strategy that will continue to meet the needs of Wisconsin as Federal funding declines."*

The Committee set-aside \$100,000 of Oil Overcharge funds in unallotted reserve for planning purposes and left \$900,000 unallocated. This Plan proposes to commit that \$1.0 million, plus additional Oil Overcharge funds to implement low income energy assistance pilot programs and for administering other energy efficiency/conservation initiatives. The low income energy assistance initiatives continue Wisconsin's aggressive and innovative approach to assist our most needy residents.

A total of \$1.265 million of Stripper monies, plus interest is recommended. I urge your support of this Plan. The Department of Administration staff will be available to provide additional information that may be required.

Sincerely,


TOMMY G. THOMPSON
Governor

cc: James R. Klauser, Secretary
Department of Administration

Nathaniel E. Robinson, Administrator
Division of Energy & Intergovernmental Relations

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- Comprehensive energy efficiency services that reduce the energy burden; thus, increasing the affordability and quality of low income housing.
- Increase the efficiency of administering and delivering low income energy services.
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- Potential for Statewide technology transfer.

Each demonstration project emphasizes personal responsibility regarding energy consumption and contains a sustainable, long-term strategy for Statewide expansion. Each initiative is part of a partnership consisting of the private sector, local government, state agencies, non-profit groups, utilities and other involved parties -- all interested in the same objectives -- energy efficiency and energy conservation. This Plan also includes a comprehensive and independent program evaluation designed to provide guidance for modifications during project implementation and to determine the feasibility of Statewide expansion. A Management Committee will be formed and led by the Department of Administration to exercise oversight and track project performance. The Management Committee will have the authority to reallocate funding to successful pilot projects within approved budgets.

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\$200,000

CAP Services Inc. of Steven's Point: This pilot is designed to provide a higher level of energy efficiency services to low income households in Waushara County. Many low income residents live in inefficient dwellings and receive LIHEAP assistance but have little incentive to participate in weatherization programs. This project will provide an additional incentive to households to receive weatherization services based on housing type and energy efficiency status. Also, weatherization services will be expanded to include housing rehabilitation or relocation assistance if the dwelling cannot be made energy efficient.

CAP Services Inc. will lead the pilot working in partnership with Wisconsin Power & Light Company, Wisconsin Gas Company and the Waushara County Department of Social Services. In a national evaluation conducted by the U.S. Department of Energy's Oak Ridge National Laboratory, CAP Services' weatherization program was found to achieve the third highest savings in the nation. Loans will be made to homeowners and landlords and a portion of the costs of installing energy efficiency measures will be recovered; thus, ensuring long-term funding for the program. Because Federal weatherization guidelines do not allow costs to be recovered through loans, Oil Overcharge funds will be used to provide weatherization services. Approximately 80 households will be served over a two-year period to test this concept. Local staff will be funded to design the program, identify eligible households, conduct audits and establish and manage loan arrangements.

2. Homeowner Shared Savings Weatherization Pilot

\$200,000

TecMRKT Works of Oregon, WI: This project will provide comprehensive "whole house" energy efficiency services to low income homeowners in an eleven-county area of Southwest and West Central Wisconsin (Polk, Barron, St. Croix, Dunn, Chippewa, Pierce, Pepin, Richland, Iowa, Grant, and Lafayette Counties). It will maximize energy savings by allowing weatherization providers to install additional cost-effective energy efficiency measures not typically covered under the existing State weatherization program and by providing energy efficiency education and training to occupants. A portion of the cost of installing the energy efficiency measures will be recovered through a shared savings arrangement on participants' utility bills.

Local community action agencies (CAA) will identify participants and conduct on-site energy audits to calculate savings and determine needed actions. From this information, the CAA will establish a payment structure and enter into a signed agreement with participants. The agreement will specify the energy efficiency measures and on-site energy efficiency training to be provided. The agreement will also encourage personal responsibility by requiring occupants to formally commit to live an energy efficient lifestyle consistent with the training. Once the measures are installed and the training is complete, monthly payments for participants' utility bills will be made to the CAA. The CAA will then pay participants' utility bills and retain a portion of the savings to recover part of the cost of installing the measures. The homeowner will realize the rest of the savings through lower energy bills.

TecMRKT Works, a private consultant, is the lead organization for this project. TecMRKT Works will work in partnership with West Central CAA and Southwest CAA to design the program, monitor on-going operations and provide support and consultation. The program management, operation and delivery will be provided by the local CAA. Federal weatherization guidelines do not allow costs to be recovered through a shared savings arrangement. Therefore, Oil Overcharge funds will be used to pay for energy efficiency improvements in the 30 households in this pilot project.

3. One-Stop-Shop for Energy Housing Services Pilot

\$275,000

Wisconsin Coulee Region Community Action Program of La Crosse: To qualify for various low income energy and housing programs, applicants must complete multiple and often lengthy applications at different locations and with numerous intake workers. This results in a duplication of administrative services and is

time consuming, costly and confusing for applicants and government alike. Also, individual programs and organizations often provide separate, isolated services with no coordinated plan to address low income energy assistance and/or housing needs.

This project will pilot a one-stop-shop for energy and housing services in two areas -- La Crosse and Milwaukee Counties -- using a computerized intake, application and referral process. During a single visit, an intake worker will enter applicants' information into a standardized computer application, screen for eligibility of various programs and electronically transfer completed applications to the appropriate agencies for processing and service delivery. The two-part pilot will use existing and compatible software packages and coordinate existing systems and services customized to meet the specific needs of each community. Both systems also will be designed to transfer completed LIHEAP and Weatherization data directly into the State's mainframe computer. Coulee CAP, in partnership with stakeholders from Milwaukee County, will be responsible for coordinating the administration of both elements of the pilot project to assure that the computer systems are compatible and suitable for Statewide expansion. Oil Overcharge funds will be used primarily for developing the computerized system, purchasing equipment and training staff.

In La Crosse County, the Wisconsin Coulee Region Community Action Program (CAP) will lead the pilot and coordinate the energy and housing services provided by 13 local organizations. Based on the success of the pilot, this partnership plans to expand to more than 40 community service agencies in La Crosse County to coordinate a broader range of low income programs. However, in Milwaukee County, the Department of Human Services will lead the partnership in cooperation with utilities and local low income organizations.

4. **Milwaukee Energy Network Pilot**

\$200,000

Community Advocates of Milwaukee: This project is designed to provide comprehensive energy efficiency services on an intensive basis for up-to 500 low-income households in Milwaukee County. Participants will receive counseling and assistance to establish affordable utility payment plans and maintain a regular co-payment schedule. They also will be required to attend a series of energy education workshops. Wisconsin Gas, Wisconsin Electric Power, Inter Faith Older Adult Programs, OIC-GM, Milwaukee County Human Services Department and the Milwaukee County Department on Aging have expressed support.

This pilot will also provide grants to supplement weatherization funding for low-income households to meet high energy efficiency standards in planned rehabilitation projects. The funds will partially cover the differential costs of the energy efficiency upgrades. The upgrades will expand traditional weatherization activities to include additional cost-effective measures. Project partners will coordinate existing resources and grant proposals to leverage available funding sources (e.g., CDBG, HUD, FHA, and utility low-income funds). Partners will also modify existing programs and procedures to incorporate energy efficiency measures into building rehabilitation programs.

5. **Campaign to Keep Wisconsin Warm Pilot**

\$200,000

Energy Services, Inc. (ESI) of Madison: These funds will be used to assist low income households experiencing heating crises and/or requiring weatherization improvements. Benefits will be targeted to high risk households with elderly, disabled and children that are eligible for the LIHEAP and Weatherization programs. This project will also use a community-based approach to raise contributions from businesses, utility customers, community organizations and individuals in Dane County to expand its ability to meet low income energy assistance needs.

In addition to providing for heating crises assistance and weatherization improvements, Oil Overcharge funds will match each dollar of new private cash contributions collected by Energy Services Inc. (ESI). In an era of declining Federal dollars, many states and local communities throughout the country are implementing innovative strategies to attract alternative sources of funding without raising taxes. ESI has already initiated the basic components of this project, with plans for Statewide expansion.

6. Evaluation of the Low Income Energy Assistance Pilots

\$100,000

Energy Center of Wisconsin: A thorough and credible evaluation of the pilot projects is necessary to determine the feasibility of Statewide replicability and expansion. It is imperative that this evaluation be conducted by a well-qualified organization, independent from the agencies operating the pilot projects, to ensure reliable and objective results. Given its previous experience and qualifications, this Plan proposes to contract with the Energy Center of Wisconsin to conduct or subcontract the evaluation.

The evaluators will meet regularly with the DOA-led Management Team to provide input about the ongoing progress of the projects. The evaluation will be a dynamic process that allows corrections to be made to program design and delivery as areas of improvement are identified rather than waiting until the pilot is completed. The evaluation will document the benefits directly received by low income households; the savings from improving the efficiency of administering and delivering the programs; and, the effectiveness of strategies to provide new long-term funding and other important elements. In addition, the evaluation will provide direction for Statewide expansion and information for other states confronting similar problems.

7. Energy Program Management

Accrued Interest

Broad policy and oversight will be the responsibility of the DOA-led Management Team which will have the authority to reallocate funds within the approved budgets allocated for these pilots and to modify the methodologies/strategies, as the need arises. None of the accrued interest will be used for this purpose. However, for traditional technical assistance for the pilot projects' program development, monitoring and related administrative support to agencies and groups working with low income energy assistance issues, accrued interest will be used to support the increased involvement of the DOA Energy Bureau's staff time required to service and/or coordinate the initiatives defined in this Plan. Funding will come from future and accrued but unallocated Stripper XV interest (\$27,483.51, as of June 30, 1996) and future and accrued but unallocated Stripper XVII interest (\$11,577.17, as of June 30, 1996).

ADDITIONAL ENERGY EFFICIENCY INITIATIVES

1. UW Building Conservation Program

\$40,000

Department of Administration (Division of Facilities Development): The Department of Administration, Division of Facilities Development, will lead a pilot, in partnership with the University of Wisconsin, to develop intensive "green" building conservation practices on the UW-Madison campus. Initially focusing on one-or-two buildings, the project will adapt the conservation practices to the Madison campus and UW system. The project will consist of six steps: data collection of current use, development of communication links among stakeholders, construction of a building management plan, demonstration of innovative products and practices, promotion of appropriate occupant behavior and performing an overall project evaluation. Energy conservation activities will be incorporated into all project components including energy education for faculty, students and building maintenance personnel. Innovative energy saving practices and equipment will be implemented. Building weatherization and modification to heating, ventilation, and air conditioning (HVAC) equipment will be completed as needed. Oil Overcharge funds will be used for program design and product delivery.

2. Wind Resources Assessment Program

\$50,000

Department of Administration (Division of Energy and Intergovernmental Relations): These funds will be used to develop a Statewide wind data management and dissemination system. This wind data will be collected by Wisconsin utilities under the new Utility Wind Resource Assessment Program, which is the result of the Public Service Commission's Advance Plan 7, Order Point #5.5. The Energy Bureau will serve as the repository and disseminator of Statewide data to be collected under the program. Funds will be directly applied to data management, review and analyses, and dissemination. Funding is made available through the deobligation described under Technical Modifications, Funding Deobligations, paragraph A.

TECHNICAL MODIFICATIONS

1. FUNDING DEOBLIGATIONS

- A. Deobligation of Stripper XIV - Wind Demonstration Project:** On February 2, 1994, the JCF's approval of the Stripper XIV plan included \$50,000 for a low windspeed turbine demonstration project. The funding was intended to pay a portion of Wisconsin Public Power Incorporated's (WPPI) cost of participating in the Wisconsin Utility Low Windspeed Turbine Project. WPPI has since elected not to participate in the project. These funds will be reallocated to the aforementioned Wind Resources Assessment Program.
- B. Deobligation of Stripper VIII - Tribal Weatherization Funds:** The Wisconsin Conservation Corporation has asked that DOA deobligate \$72,000 originally allocated to Tribal Weatherization. The allocation was made by the Joint Committee on Finance under Stripper VIII on March 19, 1991. The intended beneficiaries of this funding have not been able to meet the requirements to receive it and the WCC does not anticipate any future Tribal Weatherization requests. These funds are reallocated as part of this low income energy assistance Plan.
- C. Deobligation of Stripper XVI - Low Income Initiative Funds:** The \$ 100,000 allocated to this program on April 16, 1996 should be reallocated as part of this low income energy assistance initiative.
- D. Deobligation of State Capitol Relamping Program:** The relamping program which the JCF approved on December 18, 1990 was accomplished without oil overcharge funds. This deobligation will make available an additional \$39, 100 in oil overcharge funding. These funds are to be reallocated to the aforementioned UW Building Conservation Program.

2. EXXON - STRIPPER XVII FUNDING EXCHANGE

This exchange maximizes Federal funds available for low income energy assistance and provides the flexibility to implement the demonstration projects. This Plan exchanges \$1,068,000 of available Stripper XVII funding and \$32,000 of deobligated Tribal Weatherization funds with \$1.1 million in Exxon funds approved by the Governor and JCF on January 11, 1993 for the Low Income Home Energy Assistance Program (LIHEAP). Federal LIHEAP regulations allow a dollar-for-dollar Federal match to State LIHEAP expenditures made with Stripper funds, but not with Exxon funds. Therefore, this exchange will provide an additional \$1.1 million of Federal LIHEAP funding and not impair the implementation of the demonstration projects delineated in this Plan.

The following Tables summarize the financial transactions embodied in this Plan

<u>PROPOSED LIHEAP FUND TRANSFER</u>		
Transfer TO LIHEAP	New Stripper XVII Funds	\$968,000
	Deobligated Stripper XVI funds	\$100,000
	Deobligated Stripper VIII Tribal Weatherization Funds	<u>32,000</u>
	Total	\$1,100,000
Transfer FROM LIHEAP		
	Exxon funds	\$1,100,000

<u>PROPOSED REVENUE SOURCES</u>	
Reallocated Exxon Funds from LIHEAP	\$1,100,000
Deobligated State Restitutionary Funds	\$39,100
New State Restitutionary Funds	\$35,900
Deobligated Stripper VIII Tribal Weatherization Funds	\$40,000
Deobligated Wind Demonstration Funds	<u>\$50,000</u>
Total	\$1,265,000

<u>PROPOSED EXPENSES</u>	
Conservation Based Energy Assistance Project	\$200,000
Homeowner Shared Savings Weatherization	\$200,000
One-Stop-Shop for Energy & Housing Services	\$200,000
Milwaukee Energy Network	\$275,000
Campaign to Keep Wisconsin Warm	\$200,000
Evaluation of Low Income Pilots	\$100,000
UW Building Conservation Program	\$40,000
Wind Resources Assessment Program	\$50,000
Energy Program Management	<u>*</u>
Total	\$1,265,000

* Receives interest